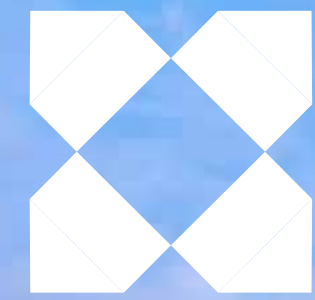




Santos



Knight
Frank

Outsourcing in the Philippines

A guide to expanding offshore operations



Welcome to the Philippines

Over the last 30 years, the country's business process outsourcing sector has transformed a nation into one of the world's fastest-growing economies. With about 7.5% contribution to GDP, this sector still has a plenty of room to grow in the Philippines.

The country is home to a rich plethora of resources, talents, ideas, and solutions that will help businesses from anywhere in the world go forward. At the same time, new locations continue to open their doors across the country, supported by a menu of fiscal incentives and business-friendly programs from the government.

Since the early days of the industry, our team at Santos Knight Frank has been at the forefront of guiding outsourcing companies in operating in the Philippines. From negotiating the most strategic office location to managing 24/7 facilities, our goal is to help businesses find their space to grow and succeed in the country.

We trust that this document will give you an ideal overview of the Philippines' outsourcing landscape and how many have succeeded in this market.

Rick Santos
Chairman & CEO



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Let's Talk PH

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Santos Knight Frank

Let's Talk PH



Flexible solution



**Real estate
competitiveness**



**Geographic
diversification**



Diverse workforce



**Opportunities
for growth**



IT infrastructure

Asia's Rising Tiger

The Philippines
is on track to
become a USD 1
trillion economy
by 2033



The Philippines in Global Rankings



23rd
in high-tech
manufacturing



29th
in domestic
market scale



18th in ICT
services export

23rd
in trade diversification,
and market scale



Considered as one of the
**Top 10 Climbers
of the Decade**
(2013 -2023)

Source: Global Innovation Index, Department of Trade and Industry,
Business World Online, Department of Science and Technology



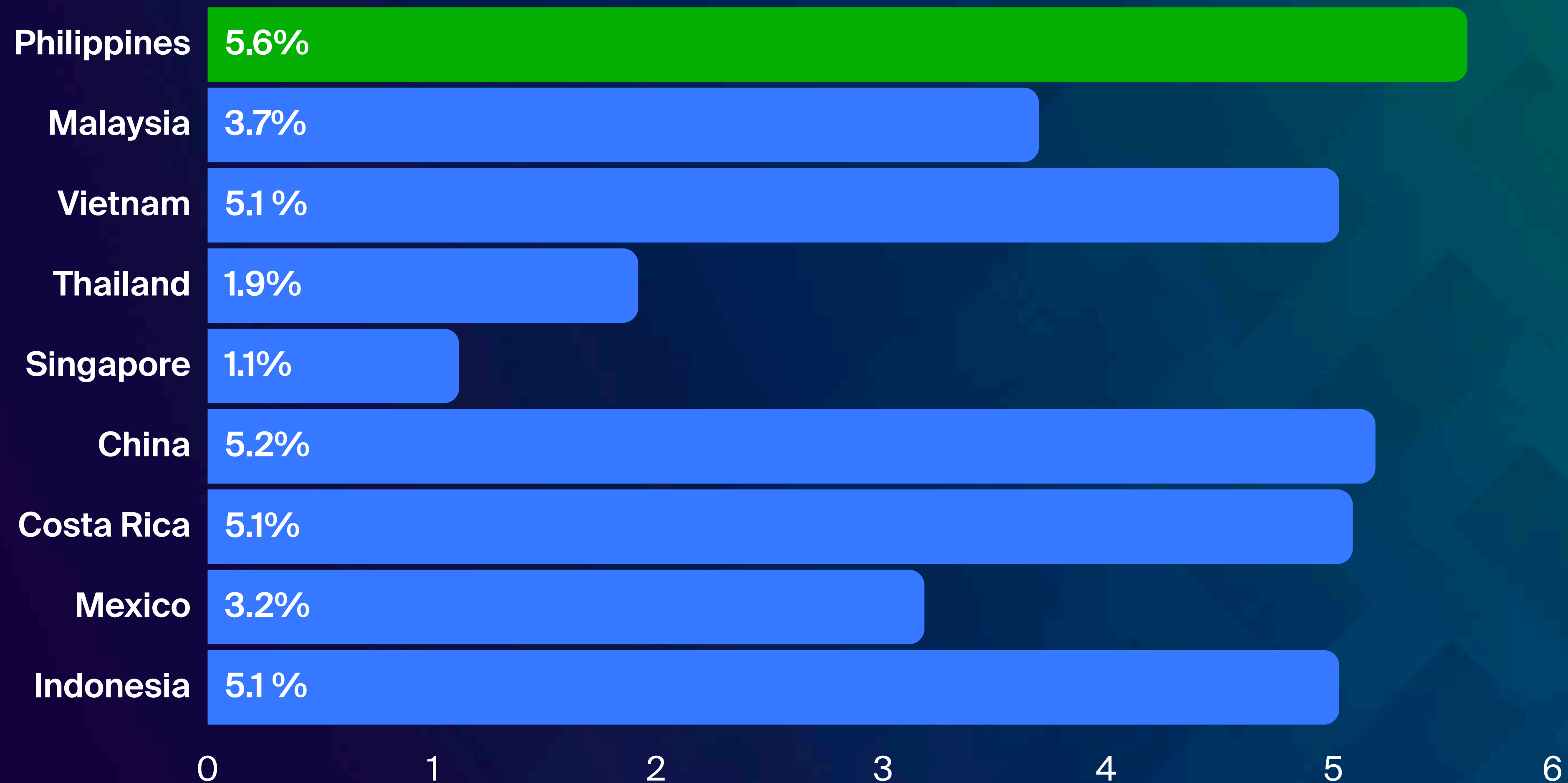
13th in
infrastructure



31st in business
management

GDP Growth

❖ Philippines: 5.6% growth rate in 2023, indicating economic strength.



Source: World Bank (GDP), Bangko Sentral ng Pilipinas (2024)

Exchange Rate

❖ With the Philippine peso settling at **PHP 1: USD 55.57 in 2023**, cost arbitrage remains a competitive edge of the Philippines



Source: World Bank (GDP), Bangko Sentral ng Pilipinas (2024)

Comparing Offshoring Hubs in Asia Pacific

Destinations of outsourcing companies are evaluated based on five key drivers of location choice:

Growth dynamic

- ❖ Scaleability
- ❖ Economic prospects

Skills

- ❖ Education
- ❖ English proficiency
- ❖ Digital skills

Labor force

- ❖ Size of working population
- ❖ Median age

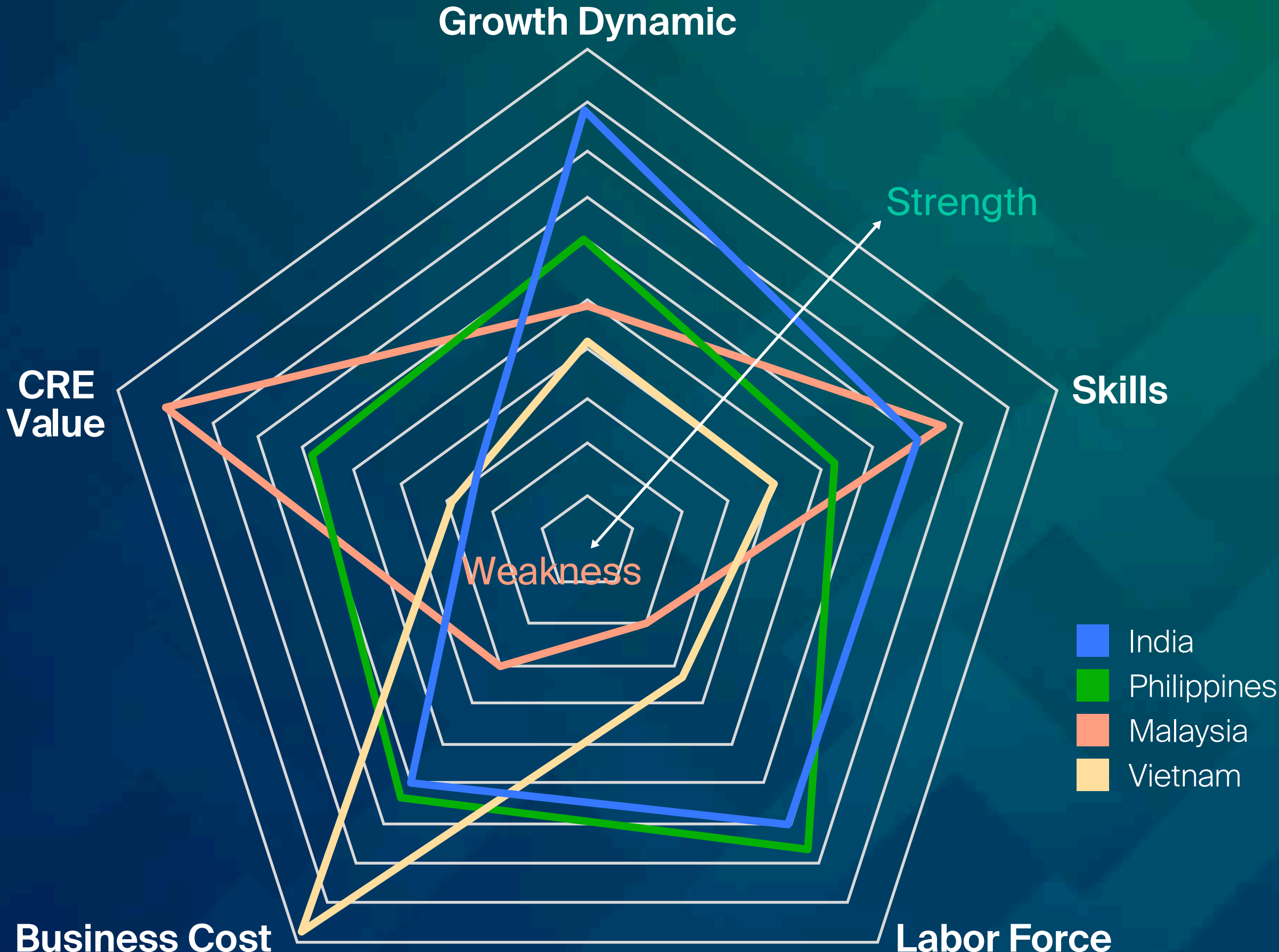
Business Cost

- ❖ Construction cost
- ❖ Connectivity
- ❖ Corporate taxes
- ❖ Wages

Commercial Real Estate value

- ❖ Prime office rent
- ❖ Sustainability
- ❖ Mobility

The Philippines shows its well-rounded appeal vs. Asia-Pacific counterparts, according to Knight Frank's index.



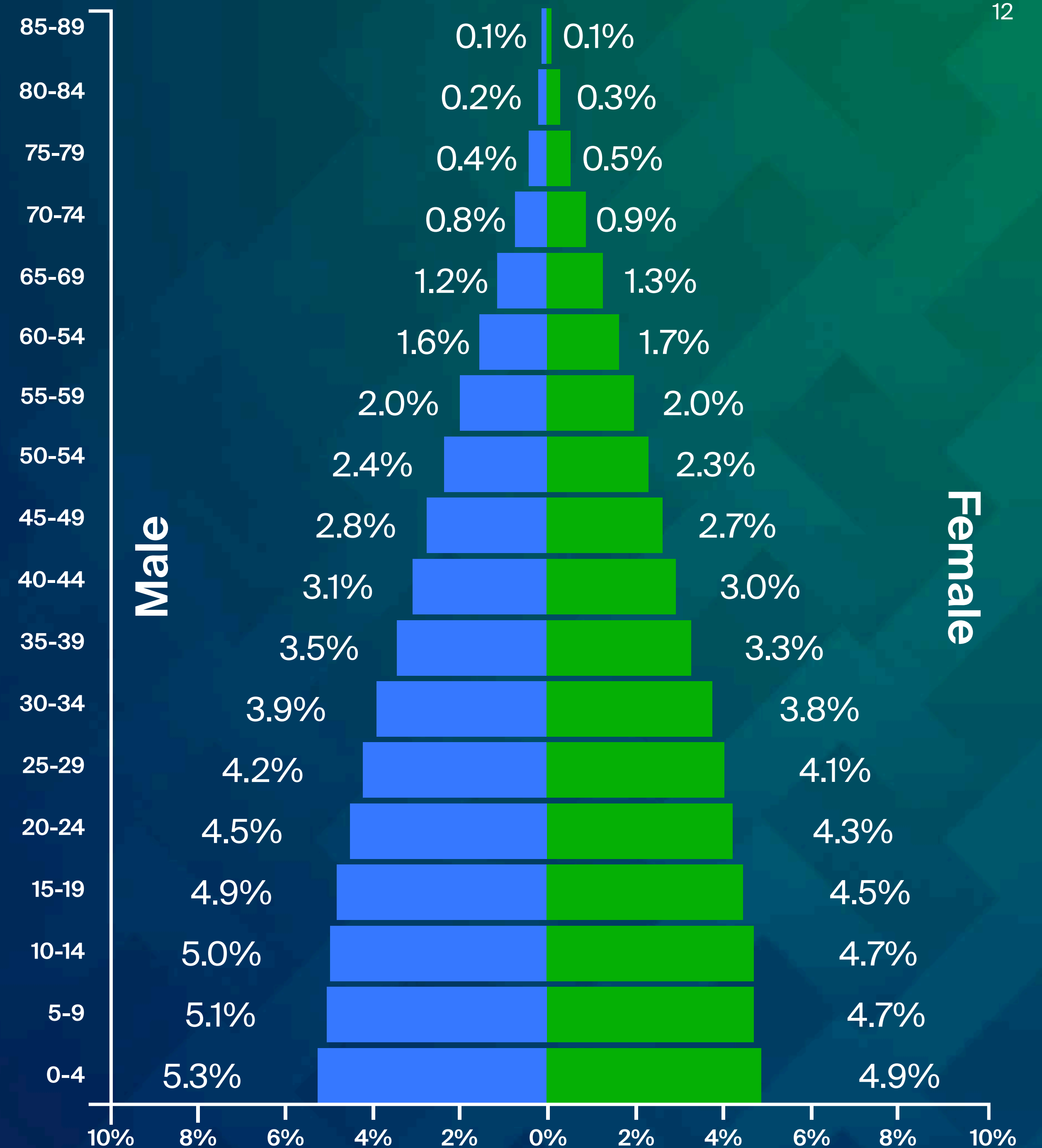
Human Capital

The Philippines is home to a population of over 100 million and boasts a median age of 25 years old. This youthful demographic serves as a driving force for economic growth, innovation, and productivity.



Demographics

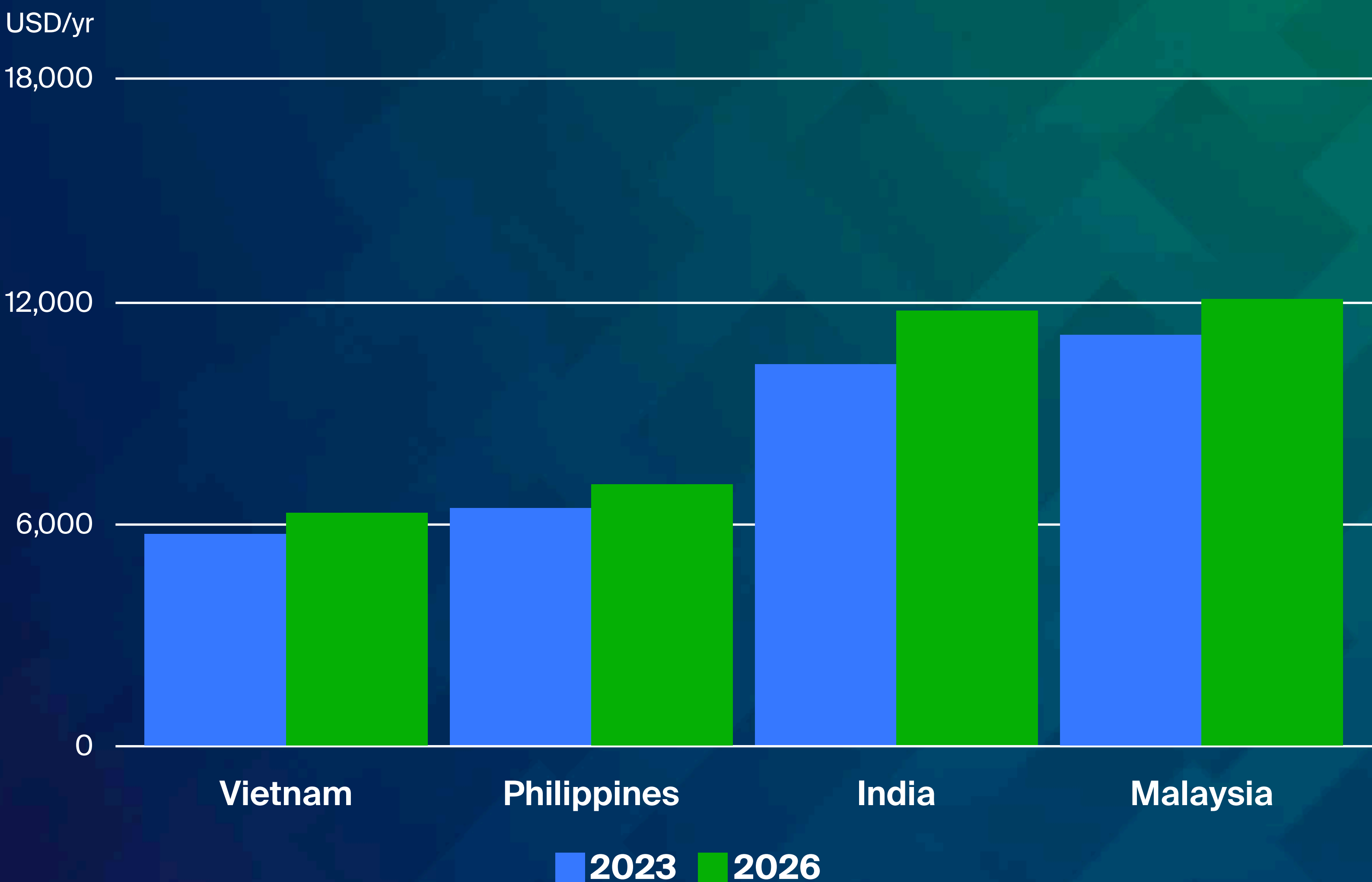
- ❖ The median age in the Philippines is **25.1 years**
- ❖ Population expected to reach **119 million** and **128 million** by 2030
- ❖ Women comprise **49.2%** of the population
- ❖ **Ranks 13th** in global population ranking
- ❖ **48.5%** of population in urban areas



Wage Cost

- ❖ The Philippines' labor cost continues to be competitive relative to other markets where offshoring is popular, such as India and Malaysia.
- ❖ This competitiveness complements the high quality of skills and talent in the Philippines.

Offshoring-related wage cost



Source: KF APAC Horizon

Education & Skills

- ❖ The Philippines is the world's second largest source of talent in the outsourcing sector
- ❖ Holds 16-18% global market share
- ❖ Provides employment to 1.5-1.6 million full-time workers by 2022

Regions with most graduates

National Capital Region	→	174,000
Calabarzon	→	104,000
Central Luzon	→	78,000
Central Visayas	→	77,000

2418 Higher education institutions

~4.4M enrollees
across all courses and duration

~850K graduate talent pool
Final year (annual average)

IT-BPM relevant disciplines with the most graduates

Business administration
241,000

Engineering
103,000

IT-related disciplines
87,000

Medical & allied
51,000

Language

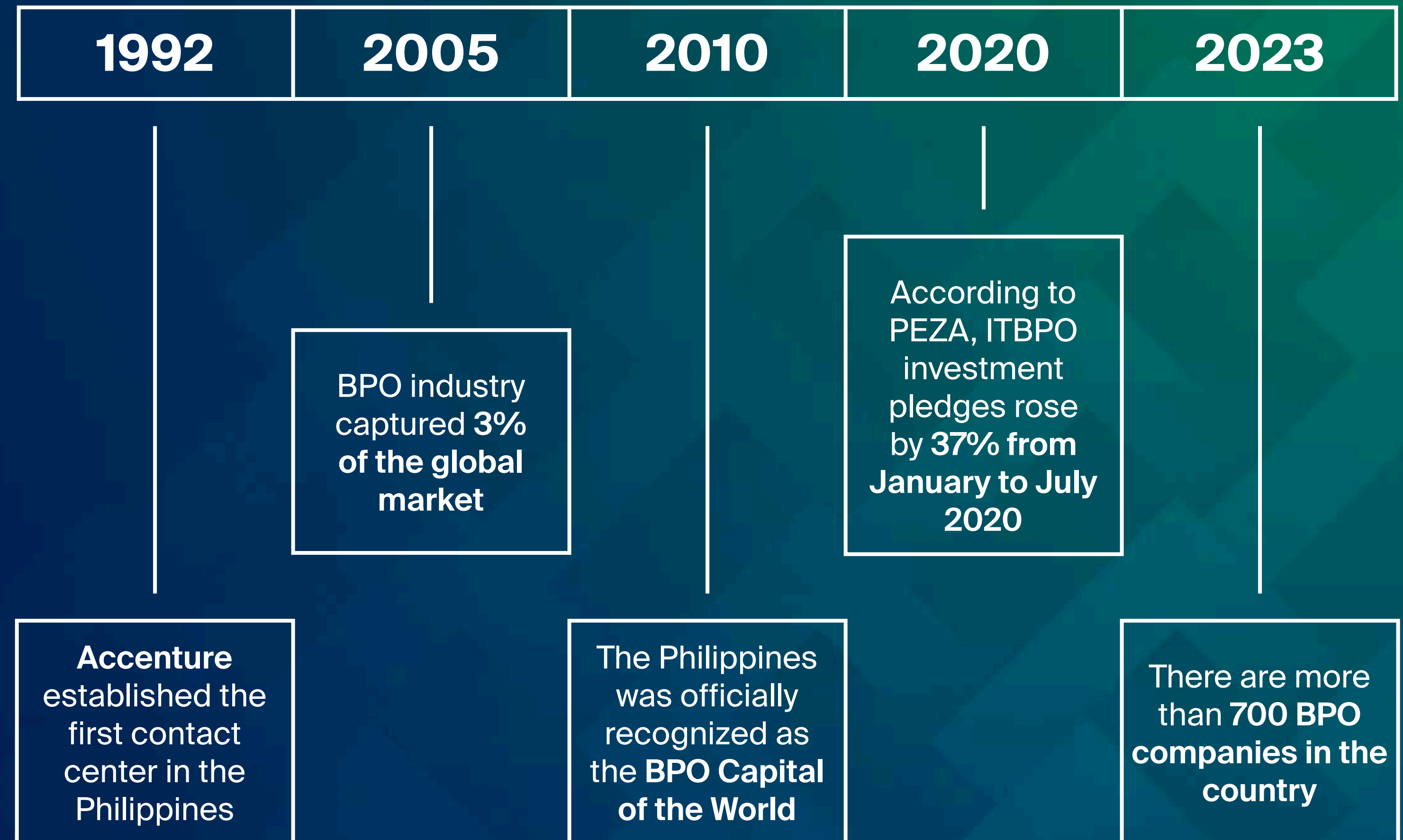
- ❖ 80% of adult Filipinos possess the ability to read and write in English, showcasing a strong grasp of the language.
- ❖ 69% of Filipinos display proficiency in writing.
- ❖ 55% excel in spoken communication.



BPO Overview



- ❖ Started in the early 1990s, now makes up 12-15% of global market.
- ❖ Known for skilled workforce, especially in call centers.
- ❖ Benefits from large English-speaking population and competitive labor costs.
- ❖ Top outsourcing solution choice since 2010.
- ❖ IT-BPM services industry evolved beyond cost savings to add value.



Top 10 BPO Companies in the Philippines of 2022

1



Accenture
Market cap: USD 199.4 billion
Revenue: USD 56.7 billion

2



International Business Machines
Market cap: USD 122.3 billion
Revenue: USD 53.6 billion

3



Telus
Market cap: USD 34 billion
Revenue: USD 13.3 billion

4



Teleperformance
Market cap: USD 21.1 billion
Revenue: USD 8.1 billion

5



Concentrix
Market cap: USD 8.2 billion
Revenue: USD 5.8 billion

6



Genpact
Market cap: USD 7.4 billion
Revenue: USD 4 billion

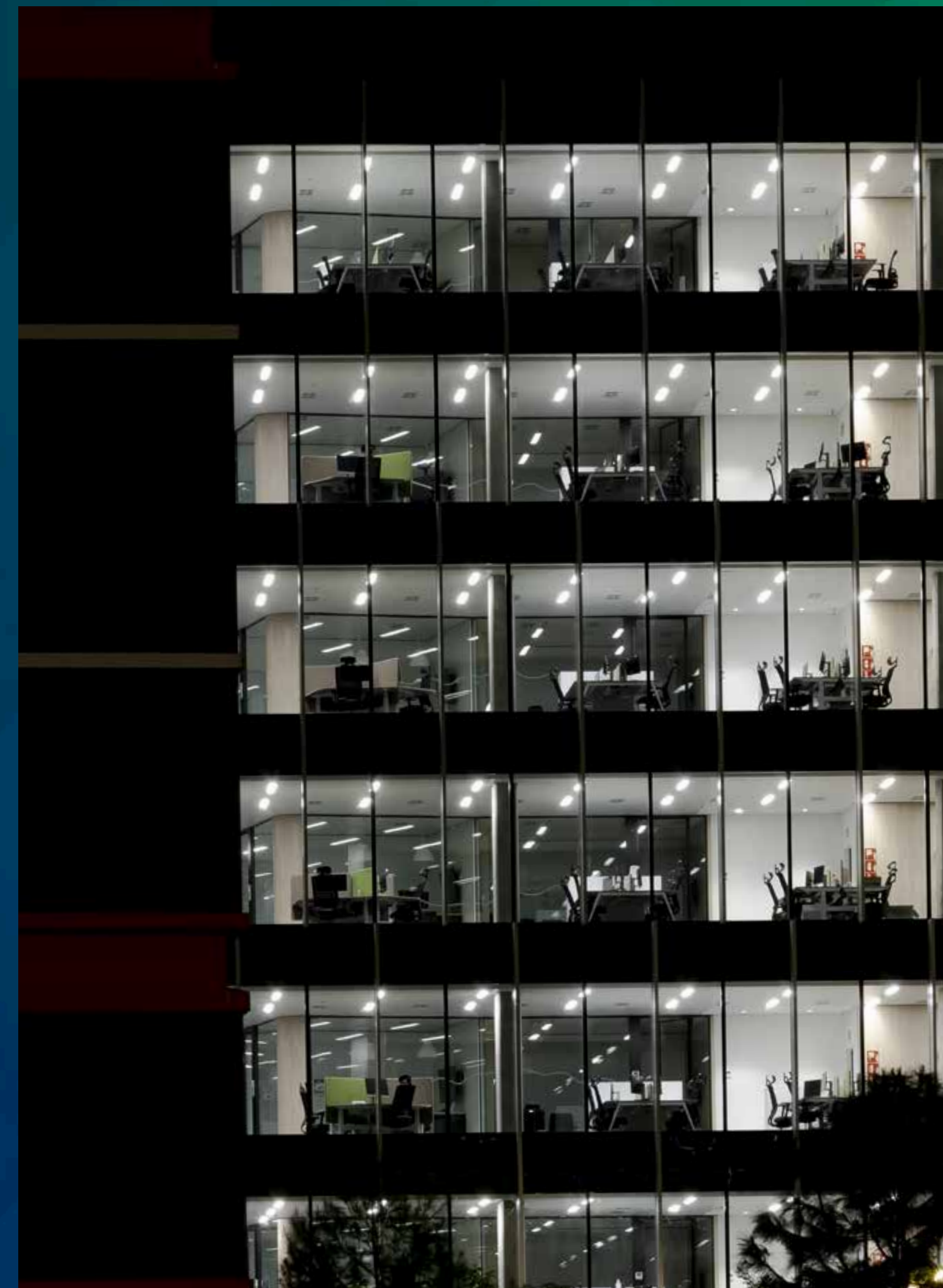
Source: Running Remote, Outsource Accelerator

7 
TTEC
Market cap: USD 3.3 billion
Revenue: USD 2.3 billion

8  **TaskUs**TM
TaskUs
Market cap: USD 2.6 billion
Revenue: USD 800 million

9 
Sitel
Market cap: USD 2.2 billion
Revenue: USD 1.8 billion

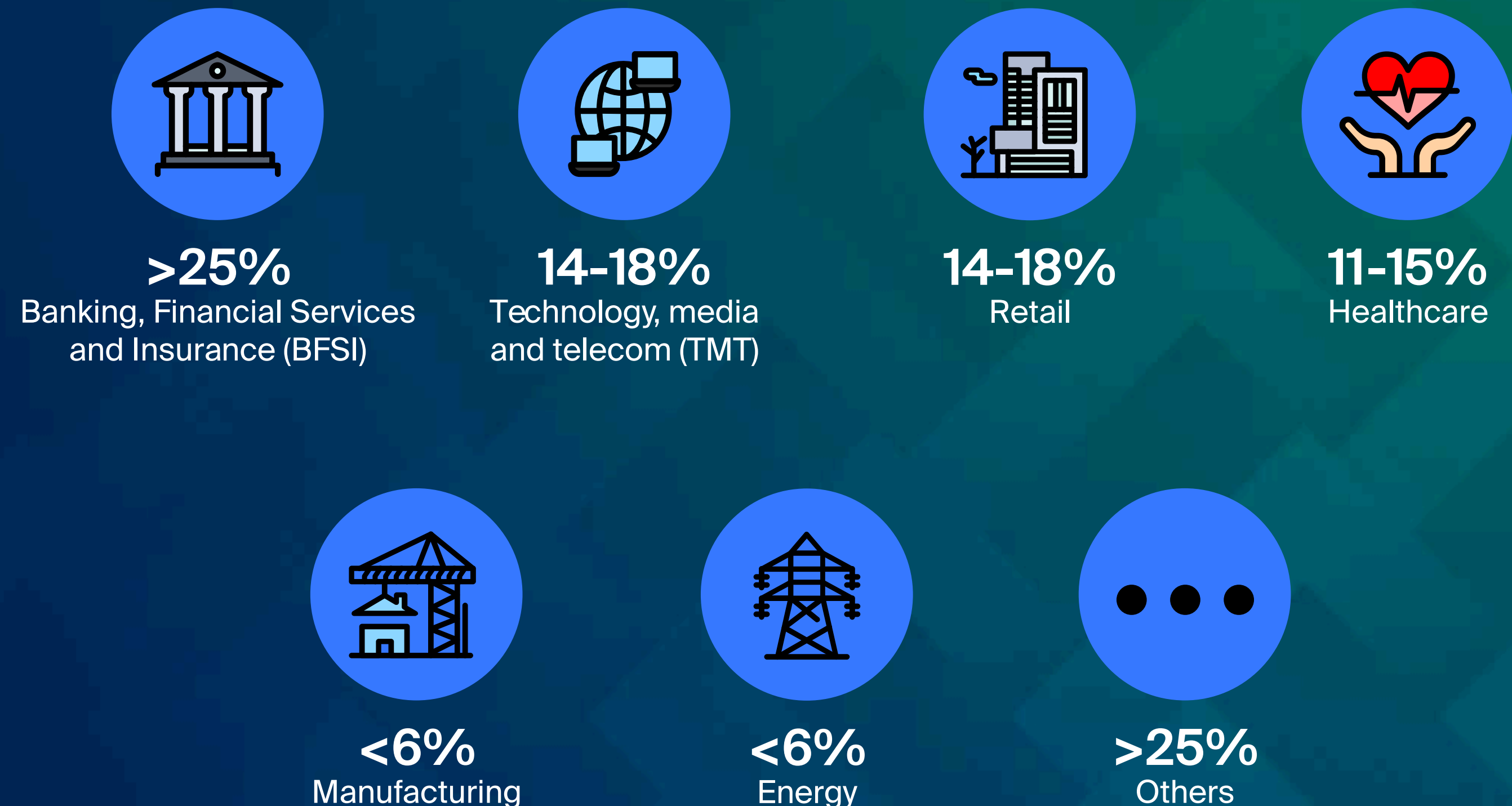
10 **CONDUENT** 
Conduent
Market cap: USD 1 billion
Revenue: USD 4.3 billion



Success Metrics

- ❖ The Philippines is a top destination for healthcare services.
- ❖ Payer and provider services include medical coding, billing, denial management, claims review, and care management.
- ❖ The Global In-house Center market grew at a 5-7% rate, reaching USD 7 billion in revenue with over 220,000 FTEs in 2022, significantly impacting the Philippines IT-BPM service market.

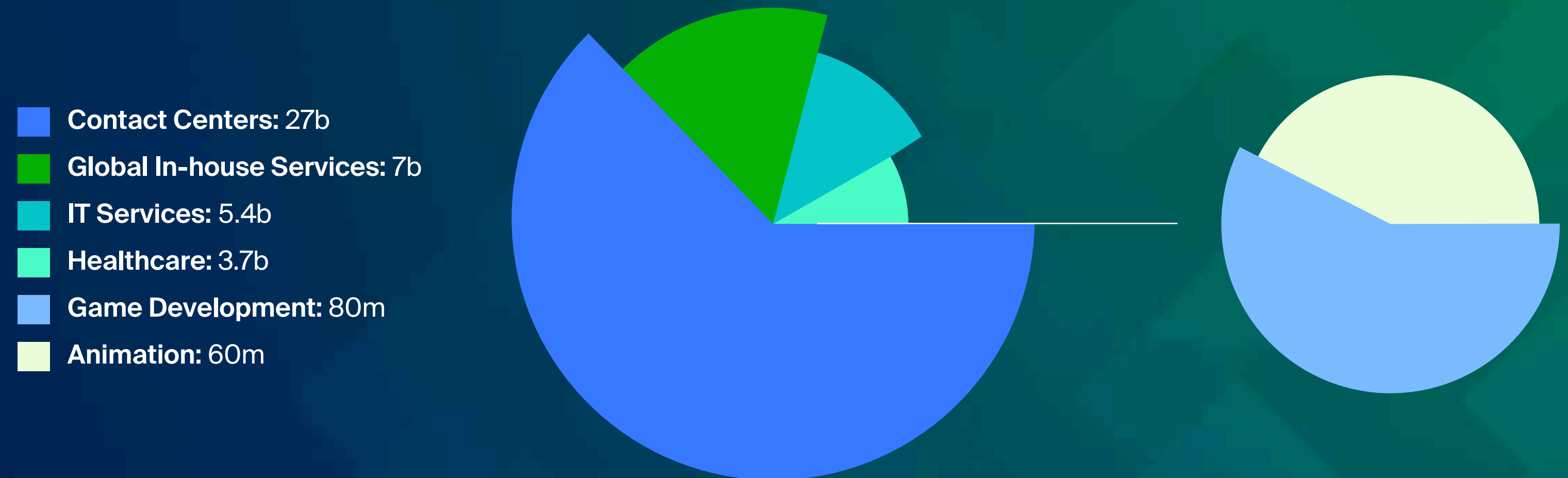
National Market Share by Industry Vertical



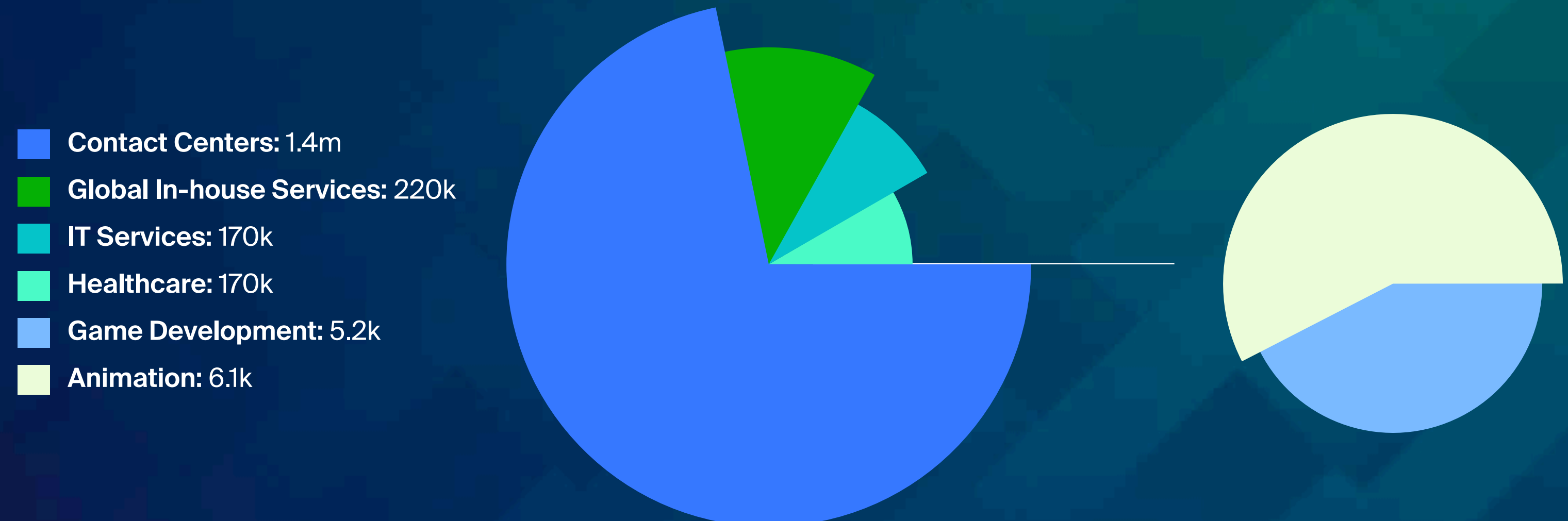
Sectors

- ❖ The Philippines is a leading destination for customer care and BPM services.
- ❖ The Philippines has transitioned from traditional IT-ADM and infrastructure services to a more complex services such as cloud and cybersecurity.
- ❖ Healthcare sectors in the Philippines are expanding, focusing on high-value areas such as bio-sciences, analytics, and clinical healthcare research.
- ❖ The game development and animation industry is growing rapidly.

2022 Market Revenue in USD billion



2022 Full Time Employees



Infrastructure

- ❖ Major providers include PLDT, Smart Communications, Globe Telecom, DITO Telecommunity, Converge ICT, and NOW Telecom.
- ❖ Investments in infrastructure upgrades have been made to support faster and more reliable internet.
- ❖ Deploying 5G-ready base stations to enhance mobile broadband services.
- ❖ Manila's bandwidth availability is robust, supported by international submarine cables linking the Philippines to Hong Kong, Singapore, Taiwan, Guam, and Japan.
- ❖ Focuses on fiber-optic networks to enhance internet service quality and coverage.



Government Incentives



- ❖ The Philippine Government encourages both domestic and foreign investments by providing incentives to key economic drivers, including service export, including the BPO sector.
- ❖ The CREATE (Corporate Recovery and Tax Incentives) Act allows the government to provide tax and duty incentives to businesses involved in qualified projects or activities registered with Investment Promotion Agencies (IPAs).

Incentives available under the CREATE Law

- Income Tax Holiday (ITH)
- Special Corporate Income Tax (SCIT)
- Enhanced Deductions (ED)
- Duty exemption of up to 17 and 12 years for export and domestic enterprises from the date of registration
- Value-added tax exemption and zero-rating of registered export enterprises of up to 17 years from the date of registration

| Period of availment of incentives

| For exporter activities

Location/Industry Tiers	Tier I	Tier II	Tier III
National Capital Region (NCR)	4 ITH + 10 ED/SCIT	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT
Metropolitan areas contiguous and adjacent to NCR	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT
All other areas	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT

| For domestic market activities

Location/Industry Tiers	Tier I	Tier II	Tier III
National Capital Region (NCR)	4 ITH + 10 ED/SCIT	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT
Metropolitan areas contiguous and adjacent to NCR	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT
All other areas	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT

Investment Promotion Agencies

- ❖ Investment Promotion Agencies (IPAs) are government agencies that create awareness of the current investment opportunities in the country to attract investors.

Here are the 19 IPAs in the Philippines

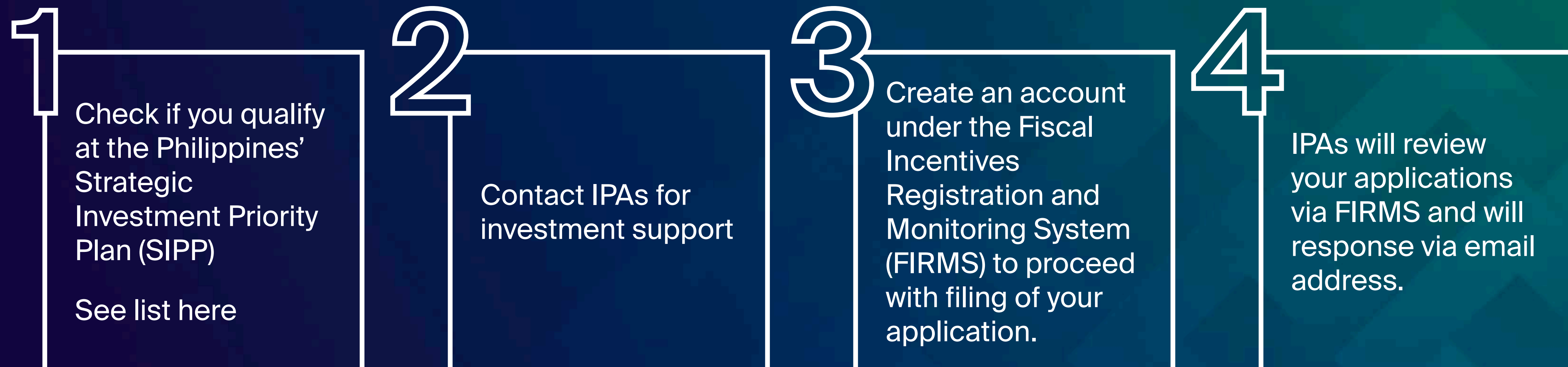


CIAC
CLARK INTERNATIONAL
AIRPORT CORPORATION



Applying for Incentives

Application process



Selecting the Location



Metro Manila

- ❖ Office space in Metro Manila averages USD 17 per square meter monthly, with a total stock of 8 million square meters. (Metro Manila is the center of various industries and economic activities in the Philippines)

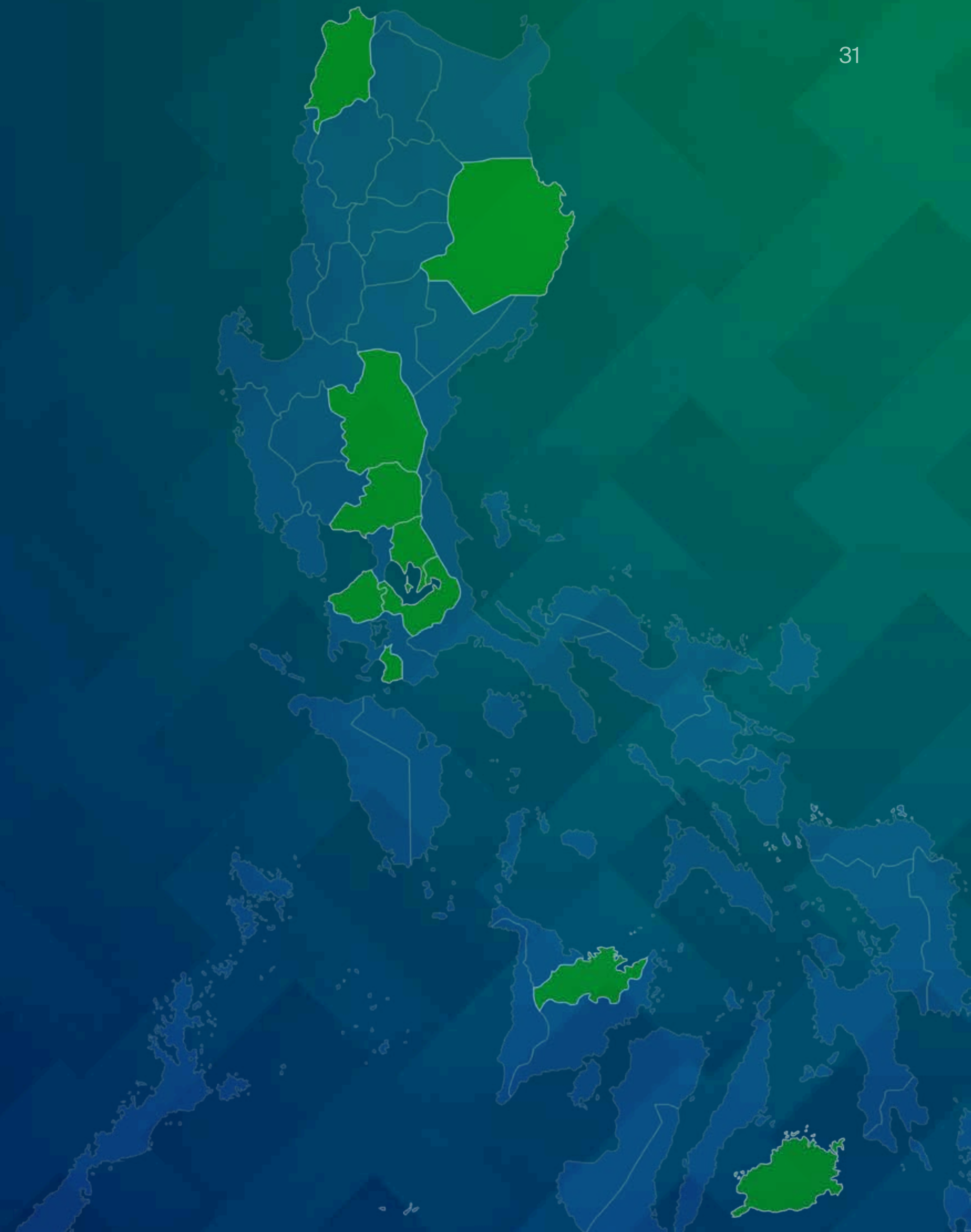
	Alabang	Makati	Bay Area	Fort Bonifacio	Quezon City	Ortigas
Average net rental rate (USD/sqm)	14	22	17	22	14	14
Total stock (sqm)	492K	1.5M	1.2M	2.3M	1.4M	1.6M

Major cities

- ❖ Other major cities in the Philippines offer a monthly average rental rate of 9 USD per square meter. Despite their distance from Metro Manila, these cities possess the infrastructure and resources necessary to facilitate the establishment of a BPO company.

	Cebu	Clark	Davao	Iloilo	Bacolod
Average net rental rate (USD/sqm)	10	9	8	11	7
Total stock (sqm)	1.2M	432K	231K	208K	187K

10 Rising Locations



■ Laguna Cluster

I Workforce:

45,700

I Salary range:

USD 237-272/month

I Average net monthly lease rate per square meter:

USD 10-12

I Nearest airport:

Ninoy Aquino International Airport (51.6km away)

I BPOs in the area:

Concentrix Daksh Services Corporation, Allegis IT Park, Convergys Philippines Services Corporation, Lakeside Evo Zone, NYK-TDG IT Park



■ Metro Cavite

I Workforce:

49,200

I Salary range:

USD 237-272/month

I Average net monthly lease rate per square meter:

USD 7-15

I Nearest airport:

Ninoy Aquino International Airport (12.6km away)

I BPOs in the area:

Astec International LTD Philippine Branch, Trinity BPO Inc., Line Seiki Philippine Inc., Kusakabe & Maeno Tech Inc., Line Seiki Philippine Inc.



■ Batangas City

I Workforce:

10,500

I Salary range:

USD 237-272/month

I Average net monthly lease rate per square meter:

USD 11-13

I Nearest airport:

Ninoy Aquino International Airport (83.9km away)

I BPOs in the area:

Alorica Philippines Inc., Furukawa Automotive System Design Philippines, T&S Global Solutions, Inc., Teletech Customer Care Management-Philippine Branch



■ Rizal City

I Workforce:

33,100

I Salary range:

USD 237-272/month

I Average net monthly lease rate per square meter:

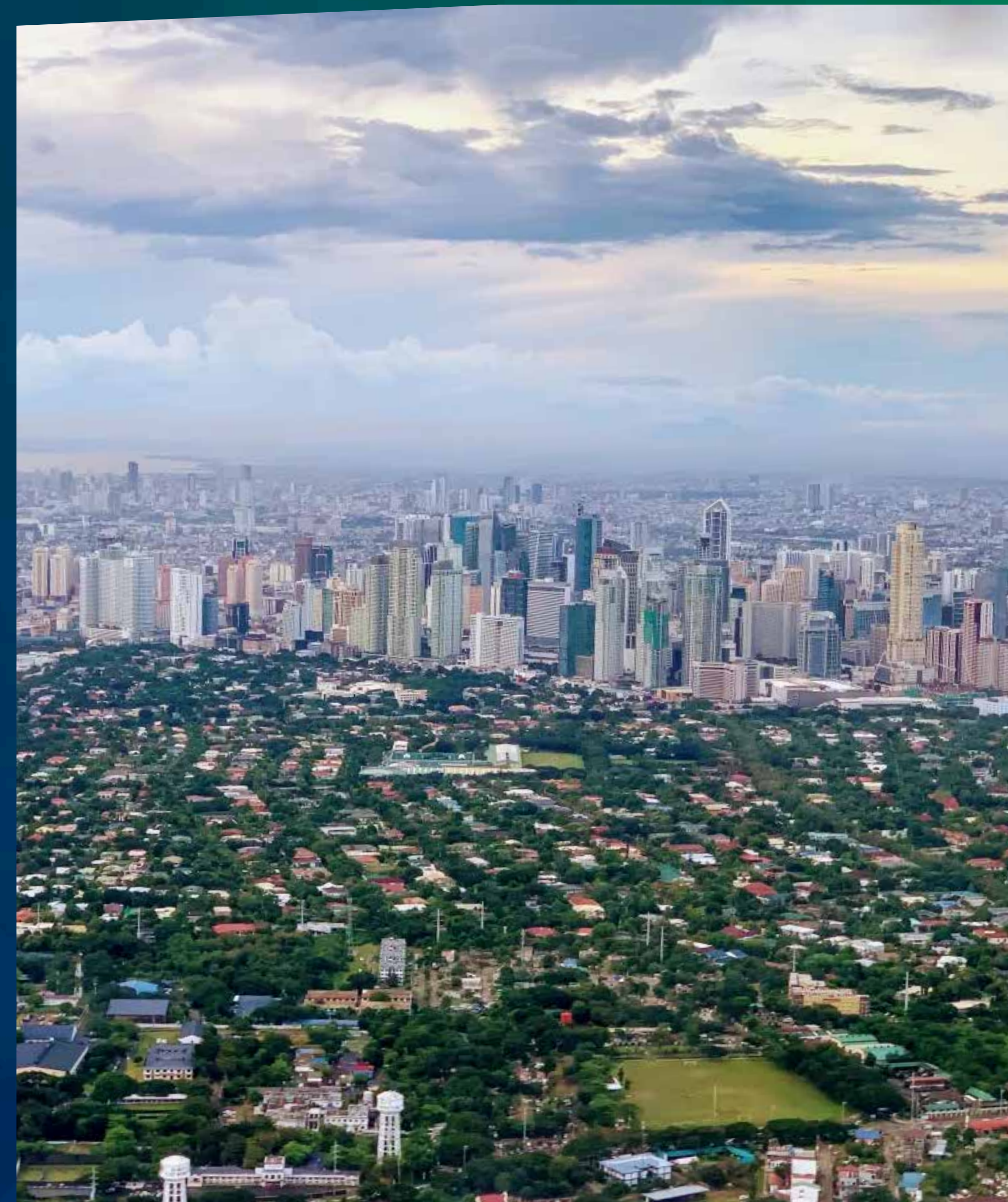
USD 11-13

I Nearest airport:

Ninoy Aquino International Airport (60.5km away)

I BPOs in the area:

Infinicom, Quantrics Enterprises Inc., Barefoot Ventures Asia, Inc., TelePhilippines Incorporated, ResultsCX - Q Plaza



■ San Jose Del Monte

■ Workforce:

7,400

■ Salary range:

USD 237-272/month

■ Average net monthly lease rate per square meter:

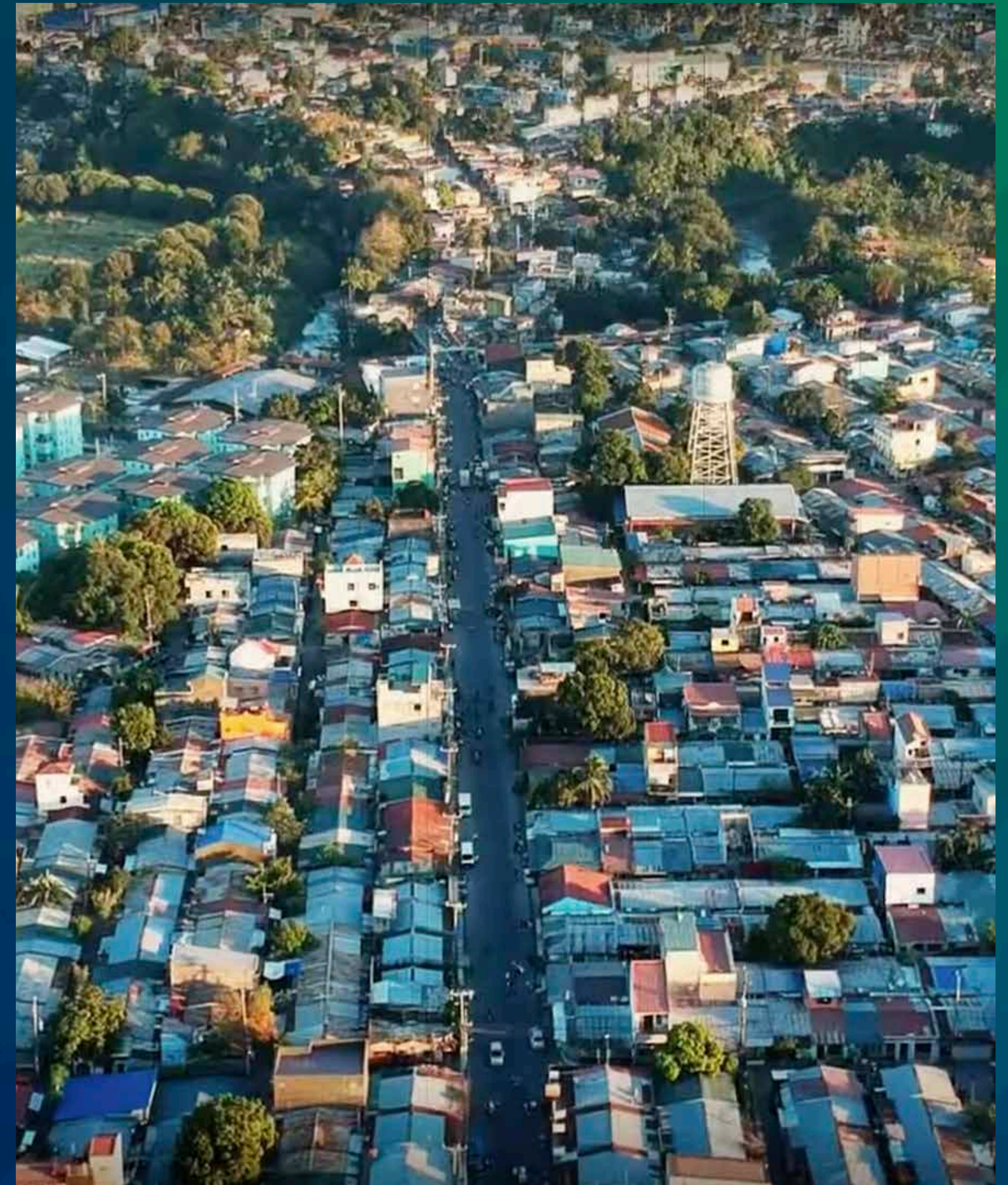
USD 9-12

■ Nearest airport:

Ninoy Aquino International Airport (34km away)

■ BPOs in the area:

3S Offshoring and Outsourcing Inc., Astutech,
Sapient Global Services, Stellar Virtual Support,
iExTelcom Solutions



■ Laoag

| Workforce:

4,500

| Salary range:

USD 219-228/month

| Average net monthly lease rate per square meter:

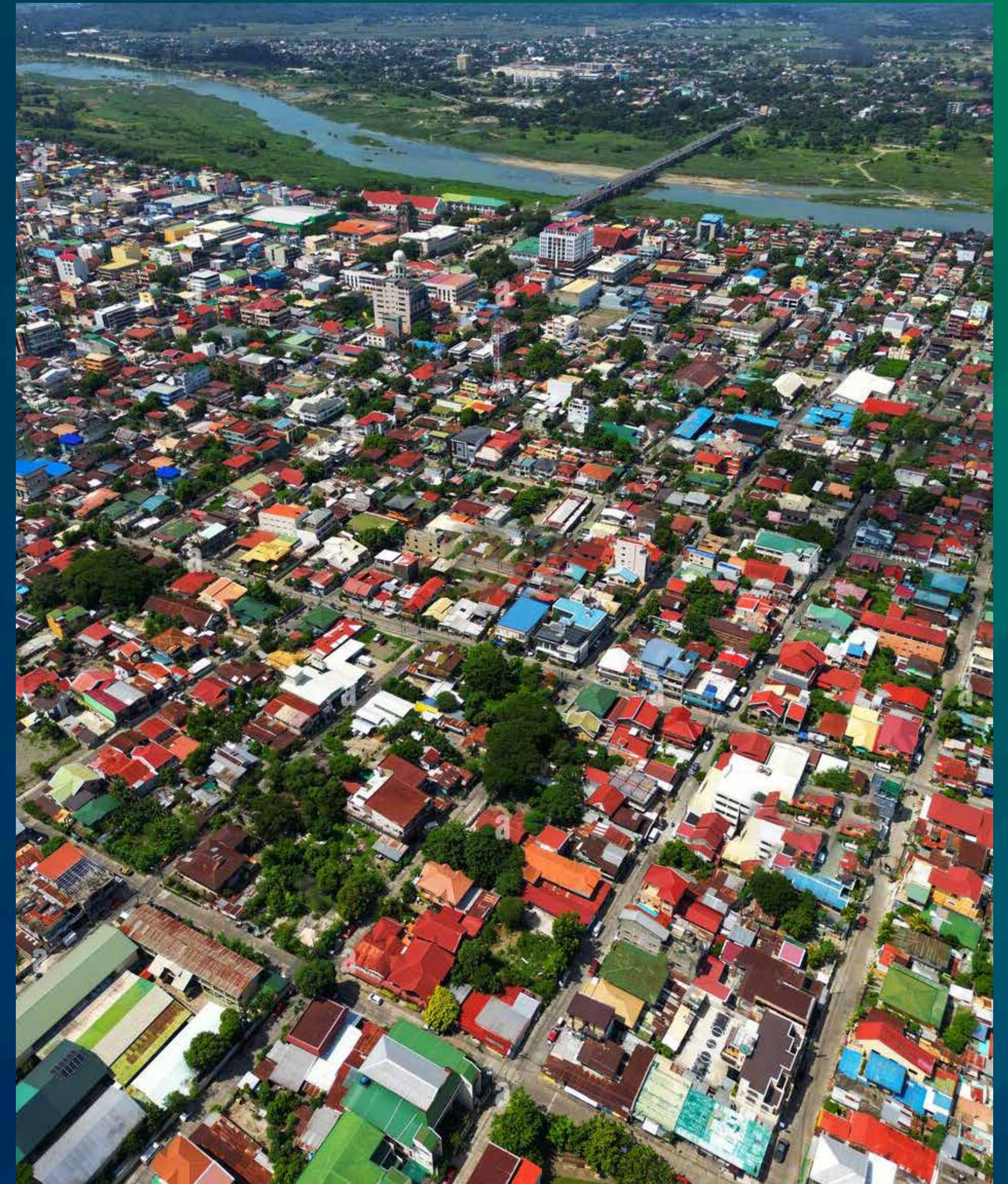
USD 9-11

| Nearest airport:

Laoag International Airport (6.8km away)

| BPOs in the area:

Capella BPO, Avion BPO Corporation, EBCOM Global Solutions, Local Innovative Talent BPO, I-Lead Outsource Incorporated



■ Cabanatuan

I Workforce:

11,200

I Salary range:

USD 260-262/month

I Average net monthly lease rate per square meter:

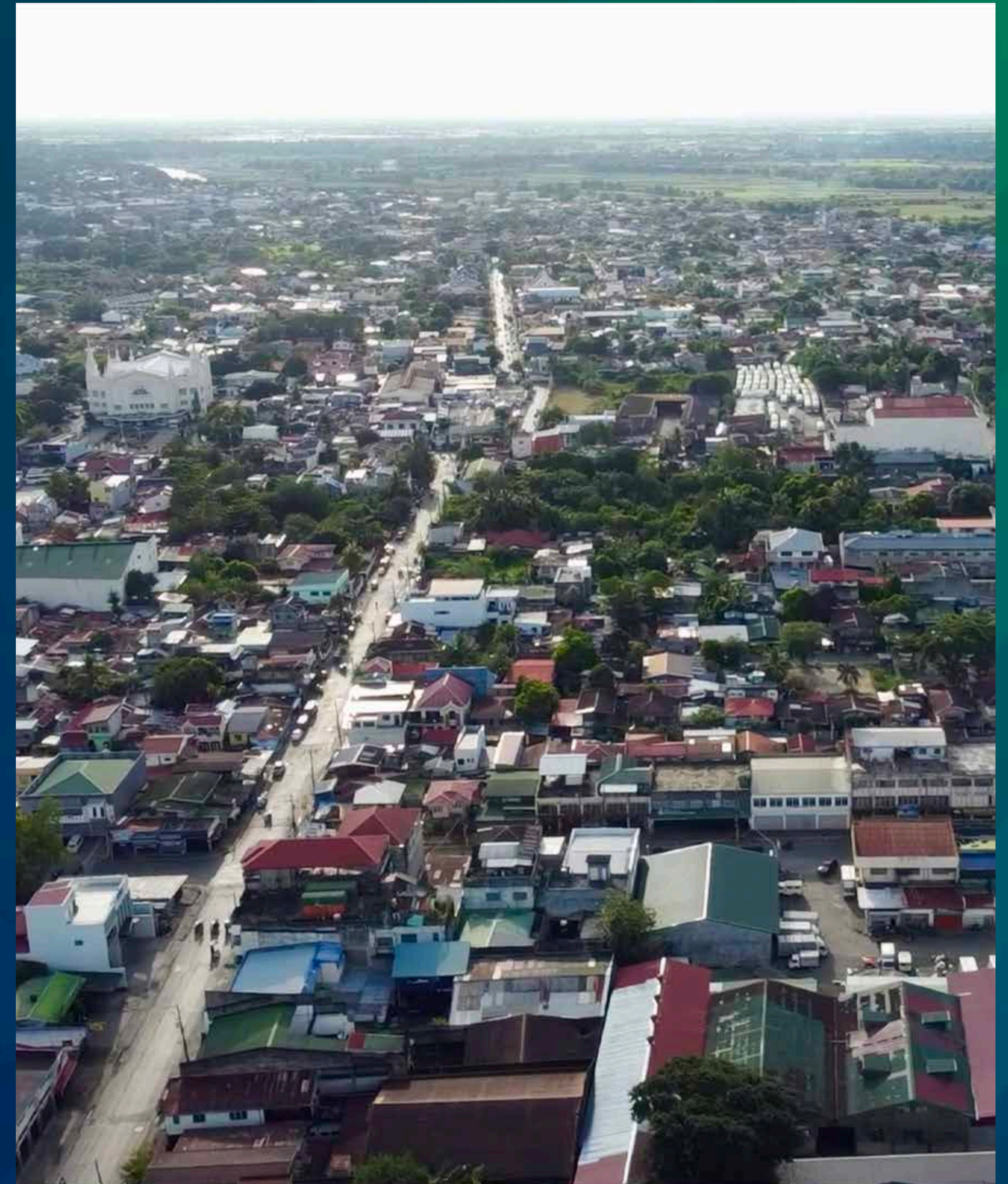
USD 11-13

I Nearest airport:

Clark International Airport (55.7km away)

I BPOs in the area:

Callnovo Philippines Inc., Ascendance BPO Inc.,
Telex Business Support Services Inc., 3rd Degree
Call Center Corp., Sutherland Global Services



■ Iligan City

I Workforce:

2,200

I Salary range:

USD 228-260/month

I Average net monthly lease rate per square meter:

USD 3-4

I Nearest airport:

Ozamiz City Airport (45.2km away)

I BPOs in the area:

IOS-Infinite Outsourcing Solutions, Latreia Prime Solutions Inc., PENRO Isabela, Suy Sing Commercial Corporation, Home Credit Philippines



■ Tagbilaran City

■ Workforce:

7,400

■ Salary range:

USD 225-232/month

■ Average net monthly lease rate per square meter:

USD 4-7

■ Nearest airport:

Bohol-Panglao International Airport (13km away)

■ BPOs in the area:

IBEX Global Solutions Inc., IbexGlobal,
e-Novative Solutions, CallCamp Inc.,
TaskUs Tagbilaran



■ Roxas City

■ Workforce:

5,600

■ Salary range:

USD 225-251/month

■ Average net monthly lease rate per square meter:

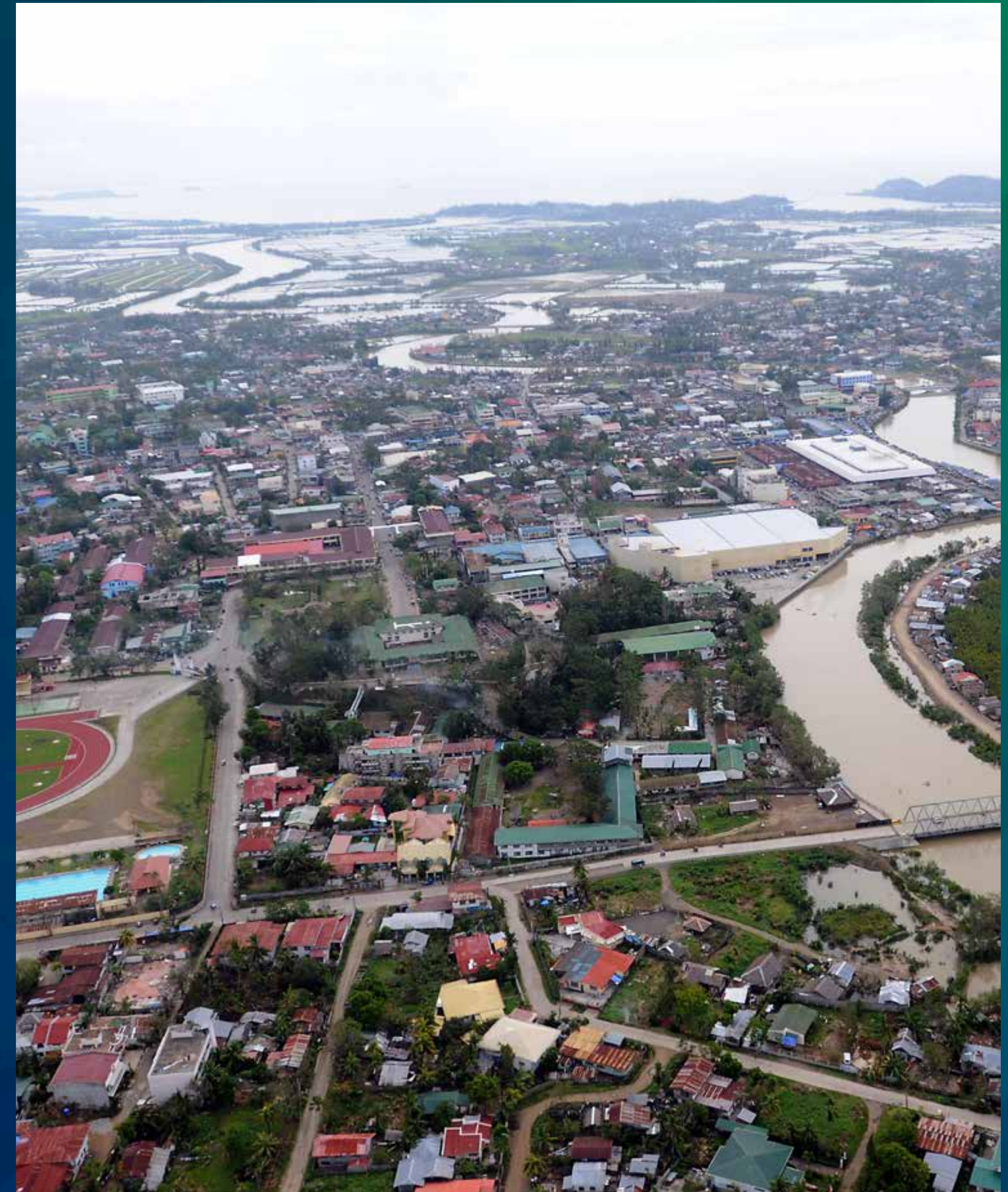
USD 11-14

■ Nearest airport:

Roxas Airport (1.4km away)

■ BPOs in the area:

ePerformax, Xilium, ICONStrategies BPO,
GH Specialist Philippines Incorporated,
Radiowealth Finance Company

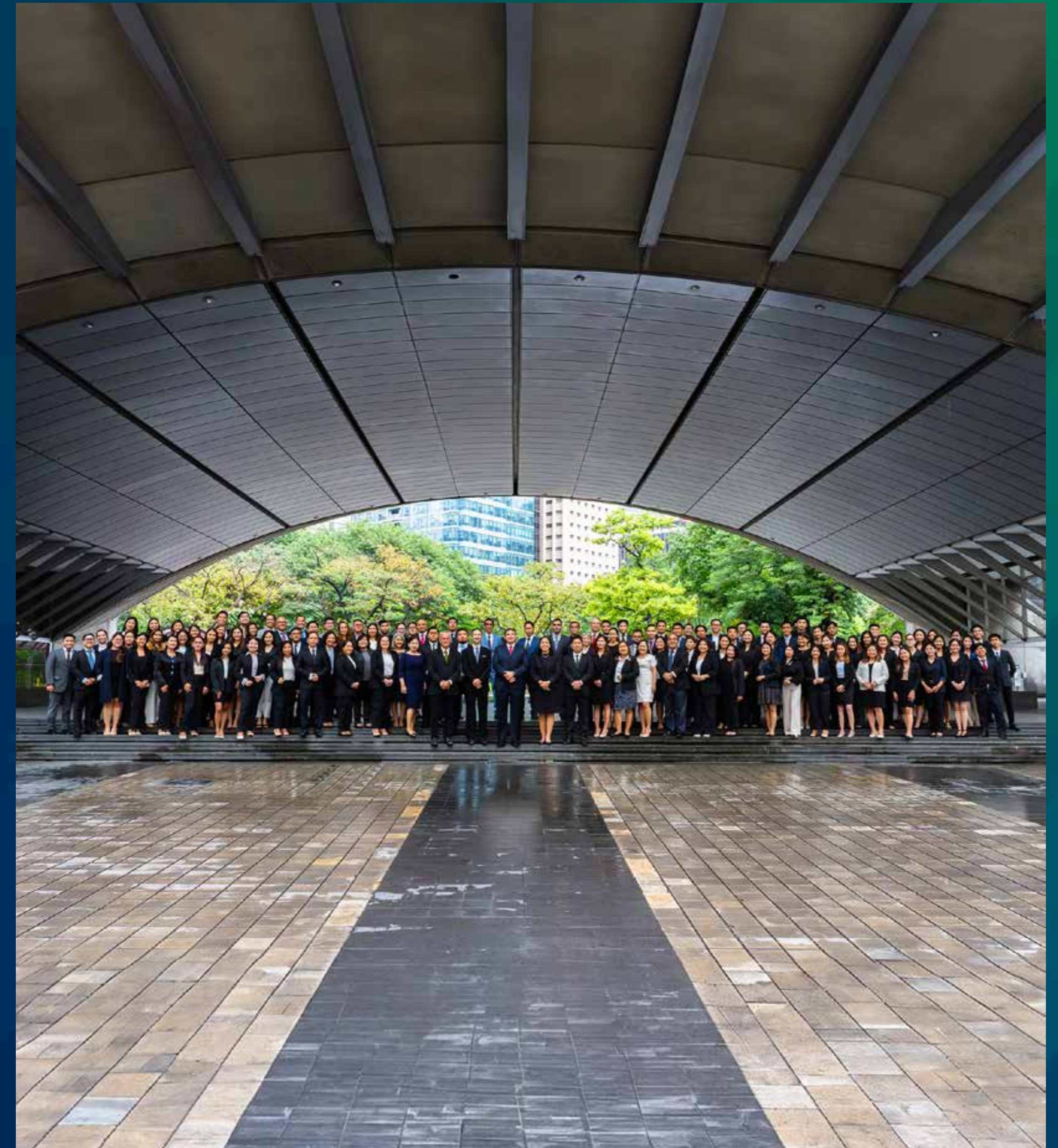


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- ❖ Santos Knight Frank is the **first and largest fully integrated real estate services company** in the Philippines
- ❖ **Founded in 1994** by Rick Santos
- ❖ Responsible for transacting **over 4 million sqm of office space**, including the **Philippines' largest single office leasing deal**
- ❖ **Managed over 20 million sqm** of real estate nationwide
- ❖ Our global partner, Knight Frank, is the **largest independent real estate consultancy in the world** with over 385 offices in 52 territories



4 million sqm

Transacted office area



1.2 million sqm

Project managed by
Property Management



20 million sqm

Area managed by Facilities &
Property Management



Occupier Strategy & Solutions

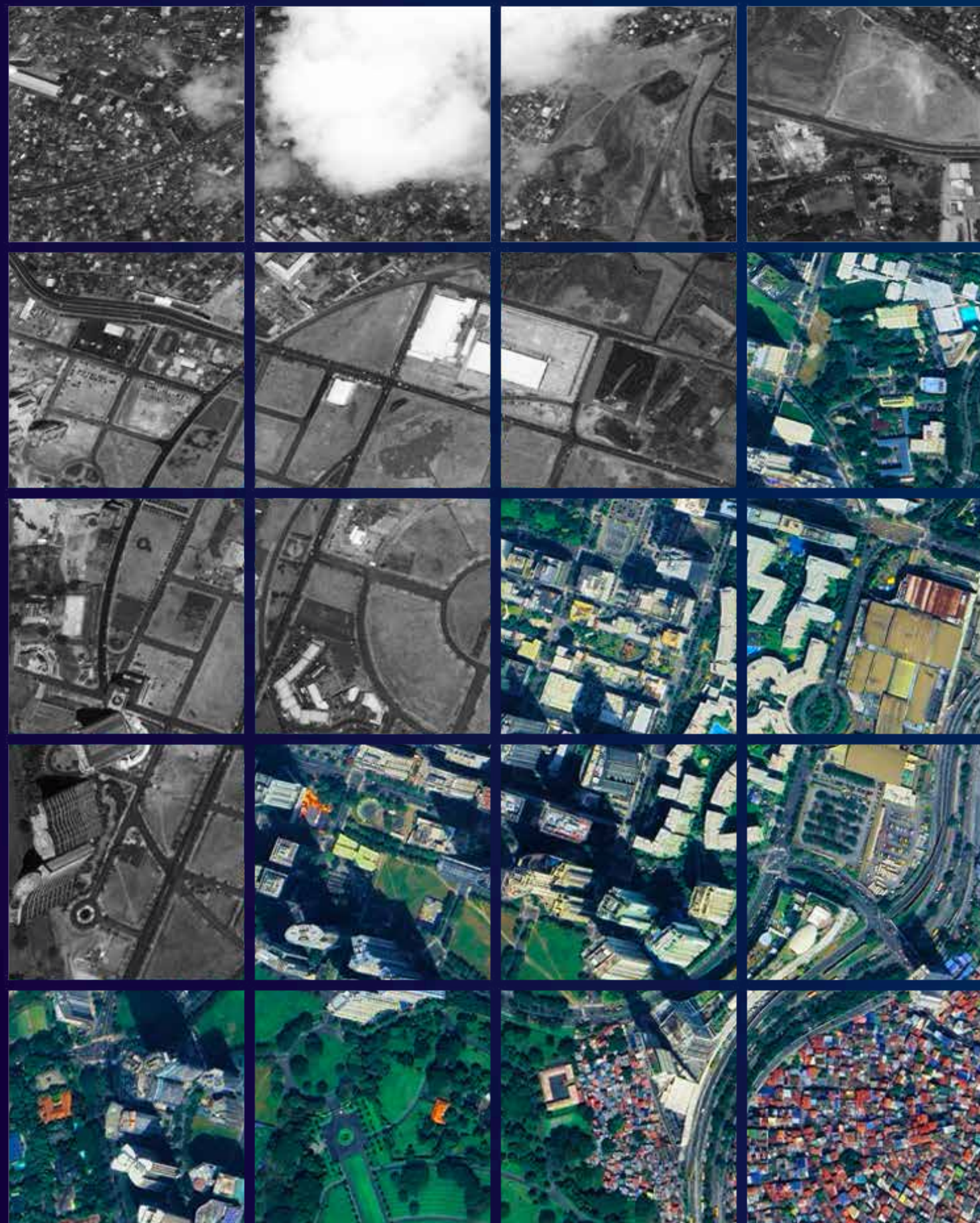
We deliver the complete spectrum of strategic leasing and sales for occupiers and investors.

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We manage the design and construction of projects from planning to turnover, achieving the best possible results with consideration to time, cost, quality, environment, health, and safety.

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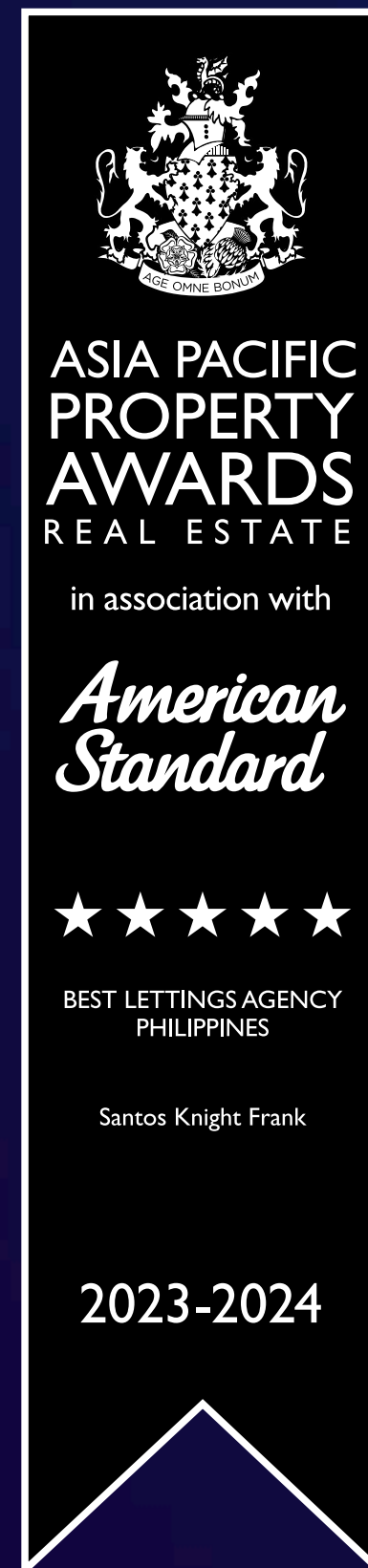
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